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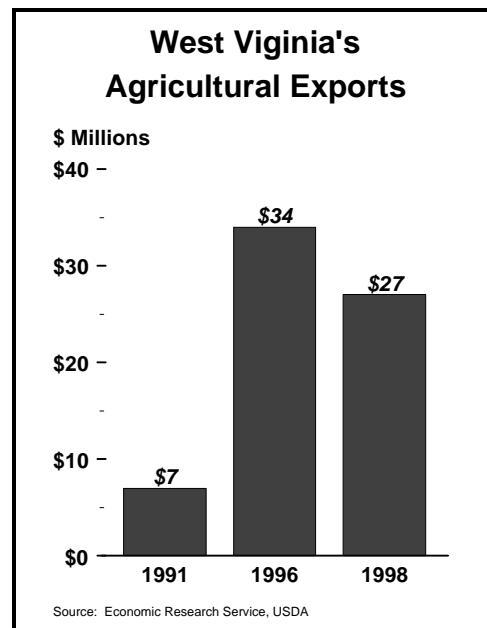
### *Permanent Normal Trade Relations with China* **What's at Stake for West Virginia?**

West Virginia produces agricultural and wood products, some of which are exported worldwide. In 1998, the state's total cash receipts from farming reached \$405 million, and wood product shipments totaled \$652 million in 1996. As for exports, the value of agricultural products leaving the state was estimated at \$27 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

#### **Trade Benefits**

The following key products are important to West Virginia, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

# **Poultry Meat**—With a large portion of its farm receipts coming from the poultry industry, West Virginia's poultry and product exports worldwide were estimated at \$22 million in 1998. With imports accounting for 12 percent of total consumption, China is already the second leading market for U.S. poultry exports. Under its WTO accession agreement, China will cut its tariff in half (from 20 percent to 10 percent) by 2004 for frozen poultry cuts. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all poultry meat from the United States that is certified wholesome by USDA.



# **Tobacco**—West Virginia's unmanufactured tobacco exports worldwide were estimated at \$2 million in 1998. China accounts for one-third of the world's tobacco production. Its accession to the WTO would allow for freer tobacco trade, providing opportunities for U.S. tobacco exporters. China has committed to cut import tariffs on cigarettes from 65 percent to 25 percent and cut leaf tobacco tariffs from 40 percent to 10 percent. If China accedes to the WTO, it would be subject to specific WTO rules prohibiting unjustified phytosanitary measures and disputes could be addressed under the WTO dispute settlement process.

# **Solid Wood Products**—The wood products industry is important to West Virginia's economy. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs,

currently ranging from 12-18 percent, will drop to 4-7.5 percent.